

UNCLASSIFIED
(CLASSIFICATION)

1626 EB R

S/S# 8001289

Date February 13, 1980

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

FOR: Dr. Zbigniew Brzezinski
National Security Council
The White House

REFERENCE:

TO: President

DATE: 1/7/80

SUBJECT: Grain Sale

REVIEWED BY

ZACHARY

DATE

Gen Polich

US [] or [] DATE

TO []

FROM []

REASON []

REASON []

REASON []

REASON []

FROM: Cong. Findley

WHITE HOUSE REFERRAL DATED: 1/18/80 NSC# 0458

THE ATTACHED ITEM WAS SENT DIRECTLY
TO THE DEPARTMENT OF STATE

ACTION TAKEN:

A draft reply is attached.

A draft reply will be forwarded.

A translation is attached.

XX An information copy of a direct reply is attached.

We believe no response is necessary for the reason cited below.

Other.

REMARKS:

Marie J. Huhtala
for
Peter Tarnoff
Executive Secretary

UNCLASSIFIED
(CLASSIFICATION)

7/
FEBRUARY 13 1980

Dear Mr. Findley:

The President has asked that I reply to your letter of January 7, in which you urge reversal of the cancellation of grain sales to the Soviet Union, and that a number of actions to reassure Afghanistan's neighbors be taken.

In his address to the nation on January 4, the President pointed out that "aggression unopposed becomes a contagious disease", and he announced a series of measures in response to the Soviet invasion. These measures are designed to deter Soviet aggression, to protect the security of the US and our allies, and to preserve the peace. The US objective is to make the Soviets pay a heavy and continuing cost for their actions against Afghanistan, to deter future acts of Soviet adventurism, and to encourage the early withdrawal of Soviet forces as demanded by the international community.

The restriction of grain exports will affect Soviet consumers. The 17 million tons of grain withheld by the US approximates half of planned Soviet grain imports. Since most of this was feed grain, the USSR's program of increasing livestock numbers will be substantially affected. Lack of feed grains will result in a severe setback to the highly publicized Soviet goal of increasing the availability of meat and related products. Consequently per capita meat consumption will be sharply reduced to the low levels of the early 1970s.

Our grain export controls have received multilateral support. Canada, Australia, and the European Community have informed us that they will not replace the grain withheld by the United States and have taken action to

The Honorable
Paul Findley,
House of Representatives.

DECLASSIFIED

- 2 -

implement that policy. Argentina has said it will not pursue a policy of taking advantage of US actions but we have been seeking greater Argentine cooperation through diplomatic channels. Argentina, Australia, Canada and the EEC have agreed to monitor trade flows to prevent diversion of other sales to the Soviet market.

It is unlikely that this trade restriction will diminish the overall US reputation for reliability as a grain supplier. Other importing countries recognize that the President took this extraordinary action in response to a flagrant Soviet act of aggression and on the basis of fundamental US national security and foreign policy interests. Our major trading partners support the President's action.

The Administration has undertaken several measures to minimize the domestic impact of suspending grain sales to the Soviet Union. The Commodity Credit Corporation (CCC) will purchase 4 million tons of wheat, including assumption of contractual obligations on up to 3.7 million tons that will not be shipped to the USSR. CCC will also assume contractual obligations for up to 10 million tons of undelivered corn.

We are awaiting Congressional approval of the Food Security Act which would allow us to reserve the 4 million tons of wheat as a backup to our food aid commitments.

In addition, actions have been taken to isolate from the market grain still owned by farmers, as well as the grain farmers had intended to plant during the current crop year to meet expected Soviet demand. The Farmer-Owned Reserve Program will be expanded by offering greater incentives for farmers to participate in that program. Those incentives include: increasing the wheat loan call and release price; increasing the loan, call and release price for corn and the other feed grains comparable to corn; waiving the first year interest costs for the next 13 million tons of corn entering the reserve; and, increasing the reserve storage payment for all reserve commodities.

DECLASSIFIED

- 3 -

The Department of Agriculture has estimated that the cost of these countermeasures is about \$14 per person. Since a large part of that cost is in the form of credit or loans, once reserves start to shift to the market, loans will be repaid and the net cost to the taxpayer will be substantially less.

In the past few weeks, the United States has taken several actions designed to reassure Afghanistan's neighbors of our concern for their security and our willingness to provide support. Most important among these was the announcement by President Carter in his State of the Union Address that the United States will regard any attempt by an outside force to gain control of the Persian Gulf region as an assault on the vital interests of the United States to be repelled by military force, if necessary. We are now working with our friends in the region to ensure that we will be in a position to fulfill this commitment.

We have also renewed our pledge to preserve the security and territorial integrity of Pakistan. On February 1, National Security Advisor Brzezinski began talks with Pakistani leaders in Islamabad aimed at assessing that country's security needs and determining how the United might best contribute to its support. We will also be approaching the Congress with a request for increased military and economic assistance for Pakistan.

Regarding Diego Garcia, we are going ahead with plans to complete construction of the US military base there by 1981 and have under active consideration steps to further upgrade its facilities.

I do not believe your suggestion that NATO be restructured to operate outside the current Treaty area is feasible. The limitations of the NATO treaty area were essential to the European allies acceptance of the Treaty and remain fundamental to the unity of the Alliance. While the US has tended toward a larger view of the problems facing NATO, other members have a more restricted view of the Alliance. Moreover, extension of the Alliance's

DECLASSIFIED

- 4 -

current geographic mandate could limit individual members flexibility to operate outside of the current Treaty area, since actions taken in an extended Treaty zone would require thorough coordination within the Alliance. Nonetheless, all NATO members recognize that developments outside the Treaty area can have an impact on the Alliance's interest, and have agreed on the need for thorough consultations. Since the invasion of Afghanistan, we have been in close touch with the Allies, both bilaterally and through our Permanent Representative to the North Atlantic Council in Brussels. These consultations have ensured Allied support for the measures announced by the President and have encouraged complementary and parallel actions by the Allies.

Nor do I believe that suspension of ongoing arms control negotiations with the Soviet Union, such as the CTB and MBFR talks, would be in our best interest. Our efforts to reach equitable and verifiable arms control agreements with the Soviets in a number of different areas go back to the early 1960's and have been carried on under five successive Presidents. We have undertaken these efforts not as a favor to the Soviet Union but because they were in our national interest. The stability and framework of good arms control agreements complement our own defense efforts in a number of important ways. This remains true despite the Soviet aggression in Afghanistan, though that will, of course, make progress in the field of arms control more difficult. For that reason our interests would not be served by curtailing these efforts. I would note in this connection that the President, in his State of the Union message, emphasized the particular importance of the mutual restraints imposed by the SALT Treaties in a period of great tension and the contribution they make to world peace.

In the wake of the Soviet invasion of Afghanistan, we have cut back considerably on our official exchanges with the USSR. A number of high level meetings have been

DECLASSIFIED

- 5 -

indefinitely postponed, as were a whole range of joint projects and activities. Further postponement of scheduled activities is likely to occur. For the present it has been decided to maintain the framework of our scientific and technical agreements with the Soviets so that we would be able to resume a wider range of mutually advantageous exchanges if the political situation significantly improves.

Sincerely,

S
J. Brian Atwood
Assistant Secretary
for Congressional Relations

gkc
Drafted: EUR/SOV: JLColbert/*gkc* RPerito/*gkc* WBrencick/*gkc* HParris/*gkc*
ABonich/EB/OPF/FPD:PMK/*gkc* pjp

2/5/80 X23071

Cleared: EUR/SOV: MWeinick/*gkc*
EUR/SOV: WTShinn, Jr.
EUR: RBarry
H: TWeston

cc: PA/PC/CM: APlotsky